

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
POWER COMPANY FOR THE SIX-MONTH)	CASE NO.
BILLING PERIODS ENDING DECEMBER 31, 2002,)	2006-00128
DECEMBER 31, 2003, JUNE 30, 2004,)	
DECEMBER 31, 2004, AND DECEMBER 31, 2005,)	
AND FOR THE TWO-YEAR BILLING PERIODS)	
ENDING JUNE 30, 2003 AND JUNE 30, 2005)	

O R D E R

On September 1, 2006, Kentucky Power Company (“Kentucky Power”) filed a motion requesting approval to file a supplemental response to an earlier data response.¹ In light of the request, Kentucky Power also requests that a revised procedural schedule be established to allow the parties an opportunity to conduct discovery on the information contained in the supplemental response.

In its motion, Kentucky Power states that in late August 2006 it discovered that through oversight it had failed since July 2005 to include in its monthly environmental surcharge calculations certain environmental costs associated with the environmental

¹ Response to the Staff’s First Data Request dated April 25, 2006, Item 1.

compliance plan approved in Case No. 2005-00068.² Kentucky Power also identified a cost allocation error that had been incorporated into the information for December 2005. Kentucky Power calculates that these two items result in an additional under-recovery of eligible environmental costs of \$158,592. Kentucky Power previously determined that its net under-recovery of eligible environmental costs during the review periods was \$110,756.

In response to the Commission's April 25, 2006 Order, Kentucky Power filed direct testimony addressing the operation of its environmental surcharge during the review periods and its determination of a net under-recovery of \$110,756 for the review periods. In its September 1, 2006 motion, Kentucky Power only sought to supplement a data response, and did not propose to supplement its previously filed direct testimony.

The Commission finds that Kentucky Power's motion to supplement its previous data response should be granted. In addition, Kentucky Power should supplement its previously filed direct testimony providing its revised determination of the total net under-recovery it experienced for the review periods and indicating how many billing periods it proposes to spread the revised net under-recovery over to recover the amount from ratepayers.

² Case No. 2005-00068, Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff, final Order dated September 7, 2005. While the motion states Kentucky Power had failed to include the additional environmental costs since July 2005, the earliest expense month that could have reflected the additional environmental costs was the expense month of August 2005, given the date the Commission approved the amended environmental compliance plan. The information contained in the supplemental response begins with the August 2005 expense month.

The Commission also finds it reasonable to afford the parties the opportunity to conduct discovery on the information contained in the supplemental response and supplemental direct testimony. A procedural schedule is set forth in Appendix A, attached hereto and incorporated herein. Kentucky Power and the intervening parties had previously indicated that this case could be submitted for decision based on the existing record without a hearing. The procedural schedule in Appendix A provides that Kentucky Power or the intervening parties may again indicate whether this case may be submitted for decision based on the existing record without a hearing or request a hearing. In the event Kentucky Power and the intervening parties agree this case may be submitted for decision based on the existing record without a hearing, the procedural schedule provides the opportunity to file simultaneous comments on the issues in this case, if any party desires to make such a filing.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion to file a supplemental response to the Staff's First Data Request dated April 25, 2006, Item 1, is granted.
2. Kentucky Power shall file supplemental direct testimony addressing the issues discussed in this Order by the date set in Appendix A.
3. The procedural schedule set forth in Appendix A, attached hereto and incorporated herein, shall be followed.

Done at Frankfort, Kentucky, this 8th day of September, 2006

By the Commission

ATTEST:



Executive Director

Case No. 2006-00128

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00128 DATED September 8, 2006

Kentucky Power shall file its supplemental direct testimony
no later than 09/19/06

All requests for information to Kentucky Power
on the supplemental data response and supplemental
direct testimony shall be filed no later than 09/26/06

Kentucky Power shall file responses to the requests for
information no later than..... 10/03/06

All parties shall file either a statement that
this case may be submitted for adjudication
based on the existing record without a hearing
or a request for hearing no later than 10/10/06

If all parties agree the case may be submitted for
adjudication based on the existing record without
a hearing, all parties shall file comments, if any, no later than 10/10/06